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BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

T.R.A. DOCKET ROOM

IN RE:

PETITION OF CHATTANOOGA GAS
COMPANY, NASHVILLE GAS
COMPANY, A DIVISION OF PIEDMONT
NATURAL GAS COMPANY, INC. AND
UNITED CITIES GAS COMPANY, A
DIVISION OF ATMOS ENERGY
CORPORATION, FOR A DECLARATORY
RULING REGARDING THE
UNCOLLECTIBLE ACCOUNTS UNDER
THE PURCHASE GAS ADJUSTMENT
("PGA") RULES

Docket No. 03-00209

**ATMOS ENERGY CORPORATION'S SUPPLEMENTAL RESPONSES TO THE
CONSUMER ADVOCATE & PROTECTION DIVISION'S DISCOVERY REQUESTS
AND RESPONSE TO THE CONSUMER ADVOCATE AND PROTECTION
DIVISION'S MOTION TO COMPEL**

Atmos Energy Corporation ("Atmos" or "the Company"), by and through counsel, provides the following supplemental responses to the July 28, 2003 discovery requests propounded by the Consumer Advocate and Protection Division of the Office of the Attorney General ("CAPD"). The following also constitutes Atmos' response to the CAPD's Motion to Compel. As discussed more thoroughly below, Atmos has now fully responded to all of the CAPD's discovery requests, and the CAPD's motion to compel is moot.

INTRODUCTION

Atmos reincorporates its objections as stated in its original discovery response. Atmos is providing the attached supplemental responses without waiving those objections.

Several of the issues raised by the CAPD's motion to compel involve how far back the Company was able to provide information. Almost all of the CAPD's discovery requests asked for detailed accounting information "from the beginning of the attrition year in the company's

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last rate proceeding through the latest month for which the information is currently available. For Atmos, that would require the Company provide information from 1994 to date. By comparison, under that definition, Chattanooga Gas would only be required to provide information from 1997 to date, and Nashville Gas for 2000 to date. Atmos objected to providing information dating back to 1994, and explained in its responses that in most cases, information was only available going back 2-3 years. United Cities Gas merged with Atmos in 1997, and the Company does not have access to information predating that merger. Additionally, in 1999, the Company converted from an AS400 billing system to a Banner billing system and also converted its financial systems from Dunn & Bradstreet to Oracle. These conversions and the structure of the current system make providing long-term historical billing and financial data difficult, and in some cases impossible. By its supplemental responses, Atmos has diligently searched its records and data formatting capabilities, and produced all information which is available to the Company in whatever format. This is all that is required under the rules of discovery. See Tenn. R. & Reg. 1220-1-2-.11 (discovery before the Authority is controlled by the Tennessee Rules of Civil Procedure); Tenn. R. Civ. P. 33.01 (requiring that a party answering interrogatories only provide "such information as is available to the party").

Each of the discovery requests that are the subject of the CAPD's motion to compel are discussed separately below:

SUPPLEMENTAL RESPONSES

Discovery Request No. 1 requested that Atmos "[p]rovide all information related to monthly forfeited discounts, uncollectible revenue and net write-offs from the beginning of the attrition year in the company's last rate proceeding through the latest month for which this information is currently available." As explained above, the attrition year for Atmos' last rate

case is 1994. Therefore, the CAPD is requesting this information for 1994 to date. The Company's original response provided the total annual amount of late charges for 1995 to date, and stated that the Company was still compiling the net write-off amounts.

In its Motion to Compel, the CAPD seeks to compel Atmos to break the late charge information down monthly and provide the promised net write-off amounts. In the attached supplemental response, the Company has provided monthly late charge amounts for September 1999 to date, which is as far back as the Company's billing software allows. The Company has also provided monthly net write-off amounts for the period of September 1999 to date, again, as far as the billing software allows. The Company does not track uncollectible revenues separately from net write-off data. As such, Atmos has fully responded to Data Request No. 1.

Discovery Request No. 2 requested that Atmos "[p]rovide monthly expenses recorded in Account 903 (Customer Records and Collection Expenses) listed by sub account detail, by year" for 1994 to date. The Company's original response indicated that this information is not readily available, but that the Company would search its records to compile the requested information. The Company's attached supplemental response explains that the Company has not recorded all Customer Records and Collection Expenses directly to Account 903, but has recorded some to Account 870. The supplemental response provides the following information: (1) all monthly expenses for the Customer Service Center and the appropriate allocation to Tennessee for September 2001 to date, which is as far back as the Company's records were able to go; and (2) the Tennessee allocation of monthly expenses, listed by sub account, recorded in Account 903 for the time period of October 2001 (the beginning of the Company's 2002 fiscal year to date), which, again, is the extent of the historical data readily available in the Company's records. As such, the Company has now fully responded to Discovery Request No. 2.

Discovery Request No. 3 requested that Atmos "[p]rovide the number of SONPs (Shut-Off Due to Non-Payment) by month and by year from" 1994 to date. The Company's original response provided the requested information dating back to September 1999, and explained that this was the extent of the historical information available. Chattanooga Gas was also unable to provide this information going back as far as requested by CAPD. However, only Atmos' response was the subject of a motion to compel: the CAPD accepted Chattanooga Gas' response. The CAPD is seeking to compel Atmos to produce information it simply does not have. Atmos has provided all the information available to the Company. Atmos' original response is therefore sufficient.

Discovery Request No. 4 requested that Atmos "[p]rovide the amount of past due/delinquent accounts that have been collected by collectors, including outside collection agents and/or company personnel, by month, from" 1994 to present. The Company's original response provided the requested information for outside collectors dating back to October 2000, and explained that was the extent of the historical information available to the Company. The CAPD has moved to compel Atmos to provide the requested data going back to 1994, and to provide amounts collected by company personnel. Atmos cannot provide the amounts collected prior to October 2000. As explained further in the attached supplemental response, Atmos converted to a new billing system in September 1999. In addition, the Company chose not to exercise strict delinquency policy on 1999 past due accounts until the fall of 2000. The information the Company has provided (amounts collected by third parties since October 2000) constitutes all of the information available to the Company on past amounts collected. The Company does not maintain records of amounts collected on past due accounts by Atmos personnel. Payments on past due accounts are processed centrally, like all other payments. The Company does not accept

payments in local offices nor do the service technicians accept cash payments when working to collect on delinquent accounts. Therefore, the Company cannot separate out the amounts collected on past due accounts by Company personnel from all amounts collected by the Company. Chattanooga Gas was also unable to separate out amounts collected on past due accounts by its company personnel, yet the CAPD did not move to compel production of that information from Chattanooga Gas. Atmos has given all the information available to the Company regarding collection of past due accounts. As such, Atmos has fully responded to Data Request No. 4.

Discovery Request No. 5 requested that Atmos “[p]rovide the number of employees detailed by job function charged to credit and collections, meter reading, customer service, call center or other customer contact positions,” listed by month, job title, and by year, for 1994 to date. Atmos’ original response explained that the requested information was not kept in the ordinary course of business in the format requested, but provided a list of current job titles and number of employees for each job title. The Company also stated that it would provide the same information relative to the Company’s customer call center in Amarillo, Texas as soon as possible. The CAPD’s motion to compel complains that “[t]he information provided was merely a breakdown of the position and the number employed in that position.” However, this was precisely the same information provided by Chattanooga Gas. Curiously, the CAPD deemed Chattanooga Gas’ response sufficient, but deemed Atmos’ response worthy of a motion to compel. Nevertheless, in its attached supplemental response, Atmos has provided a list of customer call center job titles, salaries, and Tennessee allocation, as of September 2002 and as of September 2003, which, as the response explains, is the only information available to the Company responsive to the request. The comparison of the two numbers reveals that employee

numbers have remained constant, which indicates further historical data by month would provide minimal additional relevant information. As supplemented, Atmos' response is sufficient.

Discovery Request No. 7 requested that Atmos "[p]rovide the payroll expense for all employee positions charged to Account 903" and "[i]dentify these positions by job title, by month, and by year" for 1994 to date. The Company's original response objected on the basis that the information is not kept in the ordinary course of business in the format requested, but explained that without waiving that objection, the Company would attempt to provide the information as soon as possible. By its supplemental response to Data Request No. 5, Atmos has now provided the requested information for September 2002 and September 2003. As explained in the response, the annual amounts given can be converted to monthly payroll expense by dividing by 12, and can be allocated to Tennessee by multiplying by the allocation percentage calculation of 7.4%. This is the extent of the historical information available to the Company. As such, Atmos' response, as supplemented, is sufficient.

Discovery Requests 9 and 10 asked Atmos to "[p]rovide a narrative or other summary of the potential impact of any changes on bad debts expense since the Company's last rate case," and to "[l]ist and explain all factors which may have caused a change in bad debt expense" since 1994. The Company explained in its original response that its bad debt expense has skyrocketed in recent years, due in large part to the dramatic rise in gas prices coupled with the general downturn of the economy. As an example, the Company pointed out that, as indicated in Docket No. 01-00802, Atmos incurred \$1,572,202 in net write-offs attributable to uncollectible debt in the fiscal year ending 2001, yet under Atmos' tariff, was only allowed to recover \$130,117. The Company also explained that it had not done a detailed study of the many factors that can possibly attribute to bad debt, but noted that the rising cost of natural gas was the primary factor.

Frankly, Atmos is at a loss as to what additional information or explanation it can provide. The explanation provided in Atmos' original response is precisely the same information provided by both Chattanooga Gas and Nashville Gas, yet the CAPD has chosen to accept the answers provided by Chattanooga Gas and Nashville Gas as sufficient, while insisting that Atmos provide additional unspecified explanation. Atmos' original response is sufficient, and all that is required under the rules of discovery.

Discovery Request No. 11 asked Atmos to "describe in detail the total amount of capital required to 'carry' the accounts receivable balances associated with customers that pay after the due date." Atmos responded that it did not have access to the data in the format requested, and that it was unsure of the definition of the term "carry." By its motion to compel, CAPD has now clarified the scope of its request, and Atmos is currently searching its records to determine what information it has available, if any, that would be responsive to the request.

Discovery Request No. 12 asked Atmos to provide the current cost of short term debt for the company. Atmos' original response stated that as of June 30, 2003, the Company had a 13-month average short term debt cost of 2.19%. By supplemental response, Atmos has confirmed that it is using the same definition of short term debt as that specified by the CAPD in its motion to compel.

Discovery Request No. 13 asked Atmos to provide, for accounts collected after the due date, the average number of days the account is outstanding before it is collected, for all years 1994 to date. Atmos' original response objected to the request on the basis that the information was not readily available to the Company in the format requested. Since that time, Atmos has been able to compile the requested information for September 1999 to date, and has provided

that by the attached supplemental response. The information provided is the extent of data available to the Company.

Discovery Request No. 14 - In its motion to compel, the CAPD revised its Request No. 14 to ask for the amounts of all accounts that have been collected after the due date for 1994 to date. By the attached supplemental response, Atmos has provided the requested information dating back to September 1999, which is the extent of the data available to the Company.

RESPONSE TO MOTION TO COMPEL

In the paragraphs above, Atmos has fully responded to the discovery requests that are the subject of the CAPD's motion to compel. However, the bulk of the CAPD's motion to compel was devoted not to the discovery requests at issue, but to spurious allegations made by the CAPD against undersigned counsel and Atmos. CAPD accuses Atmos and its counsel of intentional abuse of the discovery process stemming from the circumstances surrounding Atmos' filing of discovery requests seeking information from CAPD. These accusations are without any basis whatsoever. Because of the serious and groundless nature of the allegations made in the CAPD's motion to compel, it is imperative that Atmos be given full opportunity to respond.

The allegations and arguments in the CAPD's motion to compel regarding Atmos' discovery requests are entirely duplicative of the arguments CAPD presented in its recent motion for protective order. The CAPD claims it has been unfairly prejudiced by Atmos' discovery requests for two reasons: (1) because the requests were filed 2 ½ hours late; and (2) because the requests sought exactly the same expert information the CAPD requested of Atmos. The CAPD presented these same arguments in its motion for protective order. In ruling on the CAPD's motion for protective order, the hearing officer ruled that the CAPD was not entitled to be excused from responding to Atmos' discovery requests on those grounds. The CAPD, obviously

dissatisfied with the hearing officer's ruling, chose to ignore the fact that its arguments were heard, rejected, and disposed of by the hearing officer's order, and simply reasserted those same arguments in its motion to compel, even though they have no bearing whatsoever on the subject of the motion to compel.

The CAPD argues in its motion to compel that the fact that Atmos's discovery requests were filed 2 ½ hours late and requested the same expert information as the CAPD's requests is evidence of an intentional effort by Atmos to circumvent the rules of discovery to gain an unfair advantage. The CAPD's argument is baseless.

With regard to late filing of Atmos' discovery requests, the CAPD has now filed not one, but two pleadings bemoaning the fact that Atmos's requests were a mere 2 ½ hours late. However, the CAPD has failed to explain in either filing how it could have possibly been prejudiced because the requests were filed at 4:30 p.m. instead of 2:00 p.m. The CAPD accuses Atmos of intentionally waiting to file its requests until it had received the CAPD's requests filed earlier that day. That is simply not true. In the weeks before the discovery requests were due, counsel for Atmos had been traveling out of town, as had Atmos personnel. In addition, Atmos and its counsel had spent a great deal of time during that period preparing for and attending multiple meetings with the CAPD on the PBR case, an unrelated matter. In fact, on the day that Atmos' discovery requests were due, Atmos and its counsel were at the TRA attending a lengthy meeting with the CAPD on the PBR matter. The meeting ran long, and counsel for Atmos actually completed the discovery requests while at the TRA and filed them before leaving to travel back to Chattanooga. The late filing was in no way a strategic ploy. It was an inadvertent oversight.

The CAPD's second complaint is even more puzzling. The CAPD complains that Atmos copied its discovery requests and incorporated them into Atmos' requests, thereby forcing the CAPD to provide precisely the same information it was seeking from Atmos. The CAPD's complaint about "copying" stems from Atmos' Request No. 11, which asked the CAPD to:

Please identify all experts you intend to call to testify in this matter, and with respect to each expert, provide the same information and/or documents that you request in your first data requests to the Petitioners, Data Requests Nos. 18-24."

The CAPD's Data Requests Nos. 18-24 asked Atmos to provide all information the expert relied upon in forming his or her opinions, copies of all materials the expert reviewed or produced, and copies of all the expert's work papers and publications. The CAPD claims that Atmos' request that the CAPD provide such information will cause the CAPD "real" and "unfair" prejudice. Counsel for Atmos referenced the CAPD's requests merely in an effort to save time in the rush to file the requests after the PBR meeting with the CAPD ran longer than expected. How could the fact that Atmos referenced the CAPD's boilerplate expert interrogatories rather than specifying the same information verbatim unfairly prejudice the CAPD? It appears that, incredibly, the CAPD is actually arguing that Atmos should have to provide more information on its experts than the CAPD is obligated to provide. In its motion to compel, the CAPD argued that Atmos' expert interrogatories were objectionable because they sought information about non-testifying consultants as well as testifying experts. Obviously, if Atmos' expert requests are overbroad, it is only because the CAPD's are also. Is the CAPD truly taking the position that it has a right to broader discovery than Atmos?


It appears that the CAPD's extreme dissatisfaction with the hearing officer's ruling on its motion for protective order has colored the CAPD's positions in its motion to compel. As explained above, in several instances, Atmos' responses to the requests that are the subject of the motion to compel provided the precise same information provided by the other petitioners,

Chattanooga Gas and Nashville Gas. Nevertheless, the CAPD has moved to compel further information from Atmos, while at the same time accepting the responses of the other companies as sufficient. In addition, in several instances, Atmos responded with information dating back as far as the Company's records go, and explained that the information provided was the extent of the information in the Company's possession. The CAPD, however, moved to compel further response from the Company, without explaining how it expects Atmos to produce information it simply does not have.

Atmos has responded to the discovery requests to the best of its ability. The Company concedes that it was unable to provide all of the requested information by the first deadline. However, Atmos has, consistent with the spirit of open discovery, responded to requests without waiving its objections, and made every effort to locate and compile the enormous amount of information requested in the shortest time possible and in the most usable format possible. In addition, Atmos has agreed to revise the testimony schedule in this case so that no party is prejudiced by the delay. Contrary to the CAPD's unsupported allegations, Atmos has not engaged in a pattern of intentional discovery abuse. By the attached supplemental responses, Atmos has fully responded to all the CAPD's discovery requests. As such, the CAPD's motion to compel should be dismissed as moot.

Respectfully submitted,

BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ

By: 
Joe A. Conner, TN BPR #012031
Misty Smith Kelley, TN BPR #019450
1800 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800
Telephone (423) 752-4417
Facsimile (423) 752-9528

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on the following this 14 day of October, 2003 via electronic mail and U.S. mail.

Shilina Chatterjee, Esq.
Assistant Attorney General
Office of the Consumer Advocate & Protection Div.
425 Fifth Avenue North
Nashville, TN 37202-0207

D. Billye Sanders, Esq.
Waller, Lansden, Dortch & Davis, PLLC
511 Union St., Ste. 2100
Nashville, TN 37219-1760

Archie Hickerson
Manager-Rates, AGL Resources
Location 1686
P.O. Box 4569
Atlanta, GA 30302-4569

Bill R. Morris
Director- Corporate Planning & Development Services
Piedmont Natural Gas Company, Inc.
P.O. Box 33068
Charlotte, N.C. 28233

James Jeffries, Esq.
Jerry W. Amos, Esq.
Nelson, Mullins, Riley & Scarborough, PLLP
Bank of America Corporate Center
Suite 2400, 100 Tryon Street
Charlotte, N.C. 28202

BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ

By: 

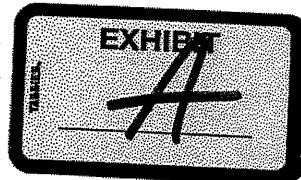
Discovery Request No. 1

The Company's original response to Discovery Request No. 1 provided **annual** amounts of late charges for 1995 through 2002. Because of the Company's conversion in September 1999 to a new billing system, the amount of late charges **per month** is only available from September 1999 to date. Below is all of the monthly late charges information available in the Company's records.

Late Charges													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1999									231	-1,723	-3	-469	-1,964
2000	-53	-381	-110	-67	-5	29,142	32,318	65,170	48,615	75,919	106,390	206,925	563,863
2001	268,357	-5,352	457,058	122,462	91,715	46,227	71,003	57,197	8,049	49,866	76,088	103,643	1,346,313
2002	106,320	189,754	148,314	125,425	63,244	38,133	35,833	31,588	32,428	29,386	52,022	134,194	986,641
2003	374,624	184,021	605,262	247,820	154,954	113,502	139,154	153,955	89,323	153,448	234,497	444,293	2,894,853
Total	749,248	368,042	1,210,524	495,640	309,908	227,004	278,308	307,910	178,646	306,896	468,994	888,586	5,789,706

The Company's original response to Discovery Request No. 1 did not provide net write off data. The Company does not track uncollectible revenues separately from net write-off data. As mentioned above, the Company converted to a new billing system in September 1999, and the data for net write-offs is only available for the time period September 1999 to date. In addition, the Company chose to not exercise strict delinquency practices on 1999 past due accounts until the fall of 2000. As a result, uncollectible revenue for the period of September 1999 through May 2001 was not written-off until May 2001. Below is all of the data the Company has on net-write offs/uncollectible revenues for the period September 1999 to date.

Net Write-Offs													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2001					3,279,478	730,761	-8,261	-14,005	1,189,115	-88,053	-60,283	205,391	5,234,142
2002	11,512	-3,556	-5,712	25,995	13,714	-158,736	93,255	105,878	108,557	-26,980	-26,650	-12,702	124,575
2003	23,122	2,778	-28,286	75,083	66,483	102,577	270,149						511,907
Total	34,633	-777	-33,998	101,078	3,359,675	674,601	355,143	91,873	1,297,672	-115,033	-86,933	192,690	5,870,624



Discovery Request No. 2

The Company has not recorded all Customer Records and Collection Expenses directly to Account 903. Most expenses have been charged to Account 870. Below are the expenses from the Customer Service Center allocated to the Mid-States Division and the appropriate allocation to the Tennessee jurisdiction. **The information available is from September 2001 through August 2003 and is being provided on a monthly basis.** The Company is also providing the monthly expenses, by sub account, recorded in Account 903 for the time period of October 2001 (the beginning of the Company's 2002 fiscal year) to date. This is the extent of the information readily available to the Company.

**Shared Services Customer Service Center Costs
TN Allocation**

	091000 subacct 41103 \$	TN Allocation Factor	Calculated TN portion \$
Sep-01	176,485	38.64%	68,194
Oct-01	226,442	38.64%	87,497
Nov-01	224,799	38.64%	86,862
Dec-01	253,115	38.64%	97,804
Jan-02	273,717	38.64%	105,764
Feb-02	151,015	38.64%	58,352
Mar-02	33,292	38.64%	12,864
Apr-02	436,893	38.64%	168,815
May-02	220,328	38.64%	85,135
Jun-02	211,004	38.64%	81,532
Jul-02	193,712	38.64%	74,850
Aug-02	105,523	38.64%	40,774
Sep-02	221,219	38.64%	85,479
Oct-02	192,517	39.29%	75,640
Nov-02	205,751	39.29%	80,840
Dec-02	227,062	39.29%	89,213
Jan-03	268,588	39.29%	105,528

03			
Feb-			
03	167,091	39.29%	65,650
Mar-			
03	223,101	39.29%	87,656
Apr-			
03	183,076	39.29%	71,931
May-			
03	263,455	39.29%	103,511
Jun-			
03	208,543	39.29%	81,937
Jul-			
03	208,755	39.29%	82,020
Aug-			
03	21,302	39.29%	8,370
	<u>4,896,785</u>		<u>1,906,218</u>

Payroll expenses related to the Customer Call Center are included in the amounts above. For a breakdown of those expenses by job title, please refer to the Company's response to Discovery Request No. 5.

Below are the monthly expenses, by sub account, recorded to Account 903 for FY 02 and YTD 2003.

Curr Month	month			
subacct	10/1/2001	11/1/2001	12/1/2001	1/1/2002
01000 - Non-project Labor	402.20	294.56	239.24	(48.09)
01008 - Expense Labor Accrual	(22,752.79)	(212.34)	22.68	(93.41)
02001 - Stores-Mat'l & Supp				
02004 - Warehouse Loading Charge				
02005 - Non-Inventory Supplies	0.00	65.40	0.00	0.00
04019 - Req'd By Law,Misc		6,498.70	69.63	0.00
04130 - Bank Service Charge			0.00	0.00
04590 - Utilities	314.68	172.87	118.18	142.43
04599 - Capitalized Utility Costs		(224.27)	(54.36)	(65.52)
05010 - Office Supplies	718.75	69.35	513.81	415.01
05111 - Postage/Delivery Services	878.00	0.00	628.00	0.00
05421 - Seminars/Conferences				
06112 - Collection Agency Svcs	12,295.35	12,861.97	15,521.70	19,793.70
06113 - Cust Payment Center Fees	18,430.71	21,339.69	22,704.74	24,604.46
06114 - Customer Mail Payment Fee	35,847.61	(35,847.61)	0.00	72,421.26
06116 - Bill Print Fees	126,253.86	128,140.22	138,256.38	170,686.61
07441 - Other Empty Publications	0.00	0.00	31.50	0.00
09911 - Reimbursements	0.00	0.00	0.00	0.00
Grand Total	172,388.37	133,158.54	178,051.50	287,856.45
TN Allocation @ 39.29%	\$ 67,731.39	\$ 52,317.99	\$ 69,956.43	\$113,098.80

Curr Month				
subacct	2/1/2002	3/1/2002	4/1/2002	5/1/2002
01000 - Non-project Labor	116.63	266.24	290.16	(1,375.44)
01008 - Expense Labor Accrual	74.12	80.64	40.98	(403.34)
02001 - Stores-Mat'l & Supp				
02004 - Warehouse Loading Charge				
02005 - Non-Inventory Supplies	0.00	0.00	138.57	0.00
04019 - Req'd By Law,Misc	0.00	0.00	0.00	0.00
04130 - Bank Service Charge	0.00	0.00	0.00	496.13
04590 - Utilities	137.69	218.83	0.00	0.00
04599 - Capitalized Utility Costs	(63.34)	(54.96)	0.00	0.00
05010 - Office Supplies	69.48	31.32	0.00	177.06
05111 - Postage/Delivery Services	702.00	677.00	0.00	0.00
05421 - Seminars/Conferences				85.00
06112 - Collection Agency Svcs	32,032.31	9,273.40	8,530.51	4,672.04
06113 - Cust Payment Center Fees	29,815.83	30,550.63	38,803.36	30,760.08
06114 - Customer Mail Payment Fee	56,193.00	29,257.59	29,325.92	23,058.59
06116 - Bill Print Fees	122,670.86	142,594.67	196,240.35	195,236.77
07441 - Other Empl Publications	0.00	0.00	0.00	0.00
09911 - Reimbursements	0.00	0.00	0.00	0.00
Grand Total	241,748.58	212,895.36	273,369.85	252,706.89
	\$	\$		\$
TN Allocation @ 39.29%	94,983.02	83,646.59	\$107,407.01	99,288.54

Curr Month					
subacct	6/1/2002	7/1/2002	8/1/2002	9/1/2002	Grand Total
01000 - Non-project Labor	137.66	128.68	137.66	260.81	850.31
01008 - Expense Labor Accrual	263.66	17.05	17.36	74.62	(22,870.77)
02001 - Stores-Mat'l & Supp				259.00	259.00
02004 - Warehouse Loading Charge				129.50	129.50
02005 - Non-Inventory Supplies	0.00	0.00	0.00	0.00	203.97
04019 - Req'd By Law,Misc	0.00	0.00	0.00	0.00	6,568.33
04130 - Bank Service Charge	0.00	0.00	0.00	4,144.72	4,640.85
04590 - Utilities	305.70	101.40	76.16	281.68	1,869.62
04599 - Capitalized Utility Costs	(140.62)	(46.64)	(35.03)	(129.57)	(814.31)
05010 - Office Supplies	0.00	0.00	119.06	180.50	2,294.34
05111 - Postage/Delivery Services	434.00	0.00	400.00	63.00	3,782.00
05421 - Seminars/Conferences	0.00	0.00	0.00	0.00	85.00
06112 - Collection Agency Svcs	2,808.54	8,829.40	6,084.30	34,110.92	166,814.14
06113 - Cust Payment Center Fees	30,565.98	26,440.64	28,133.04	0.00	302,149.16
06114 - Customer Mail Payment Fee	29,707.91	28,957.91	29,138.48	28,710.52	326,771.18
06116 - Bill Print Fees	143,708.62	161,107.49	150,943.54	(51,643.04)	1,624,196.33
07441 - Other Empty Publications	0.00	0.00	0.00	0.00	31.50
09911 - Reimbursements	0.00	0.00	4.00	0.00	4.00
Grand Total	207,791.45	225,535.93	215,018.57	16,442.66	2,416,964.15
	\$	\$	\$	\$	\$
TN Allocation @ 39.29%	81,641.26	88,613.07	84,480.80	6,460.32	949,625.21

Actual	month			
subacct	10/1/2002	11/1/2002	12/1/2002	1/1/2003
01000 - Non-project Labor	1,061.17	1,801.80	4,812.47	5,327.58
01008 - Expense Labor Accrual	599	(443)	1,384	979
02001 - Inventory Materials	-	-	-	-
02004 - Warehouse Loading Charge	-	-	-	-
02005 - Non-Inventory Supplies	-	-	-	-
04112 - Board Meeting Expenses	-	-	49	-
04130 - Bank Service Charge	-	-	-	-
04590 - Utilities	82	379	576	370
05010 - Office Supplies	12	-	-	-
05111 - Postage/Delivery Services	500	-	-	-
05411 - Meals & Entertainment	-	-	-	-
05413 - Transportation	-	-	-	-
06111 - Contract Labor	-	919	1,368	630
06112 - Collection Fees	59,265	71,651	39,618	60,283
06116 - Bill Print Fees	124,380	141,221	156,648	152,529
07499 - Misc Employee Welfare Exp	-	-	-	-
07590 - Misc General Expense	-	-	65	-
Grand Total	185,901	215,529	204,521	220,119
	\$		\$	
TN Allocation @ 39.29%	73,040.36	\$84,681.42	80,356.22	\$86,484.73

Actual				
subacct	2/1/2003	3/1/2003	4/1/2003	5/1/2003
01000 - Non-project Labor	8,808.53	18,310.00	47,846.07	72,572.30
01008 - Expense Labor Accrual	1,740	5,666	21,029	(19,005)
02001 - Inventory Materials	-	-	-	-
02004 - Warehouse Loading Charge	-	-	-	-
02005 - Non-Inventory Supplies	-	296	-	-
04112 - Board Meeting Expenses	-	-	-	-
04130 - Bank Service Charge	-	195	-	-
04590 - Utilities	191	124	288	-
05010 - Office Supplies	-	-	-	-
05111 - Postage/Delivery Services	214	143	99	37
05411 - Meals & Entertainment	22	-	-	78
05413 - Transportation	-	-	-	21
06111 - Contract Labor	94	60	68	-
06112 - Collection Fees	40,661	39,866	3,781	35,421
06116 - Bill Print Fees	131,891	121,235	185,563	145,684
07499 - Misc Employee Welfare Exp	-	-	-	-
07590 - Misc General Expense	-	27	-	-
Grand Total	183,622	185,923	258,675	234,808
TN Allocation @ 39.29%	\$72,145.05	\$73,049.19	\$101,633.29	\$92,256.09

Actual	6/1/2003	7/1/2003	8/1/2003	Grand Total
subacct				
01000 - Non-project Labor	38,237.14	30,641.29	29,263.73	258,682.08
01008 - Expense Labor Accrual	(624)	2,317	843	14,488
02001 - Inventory Materials	26	418	-	444
02004 - Warehouse Loading Charge	3	-	50	53
02005 - Non-Inventory Supplies	-	-	1,525	1,821
04112 - Board Meeting Expenses	-	-	-	49
04130 - Bank Service Charge	-	-	-	195
04590 - Utilities	454	-	654	3,119
05010 - Office Supplies	-	-	4,920	4,933
05111 - Postage/Delivery Services	366	-	173	1,533
05411 - Meals & Entertainment	-	-	-	100
05413 - Transportation	-	-	-	21
06111 - Contract Labor	65	-	-	3,204
06112 - Collection Fees	67,700	35,745	33,769	487,758
06116 - Bill Print Fees	174,623	143,166	133,497	1,610,437
07499 - Misc Employee Welfare Exp	-	134	-	134
07590 - Misc General Expense	-	63	-	155
Grand Total	280,851	212,484	204,695	2,387,127
TN Allocation @ 39.29%	\$110,346.35	\$83,485.02	\$80,424.53	\$937,902.26

Discovery Request No. 3.

The Company originally responded by providing the monthly number of Shut Off due to non payment for the period September 1999 through August 2003. The response indicated that **"This is the extent of the historical information available."**

As originally stated, due to a conversion in billing software in September 1999, the Company cannot provide the information prior to September 1999.

Discovery Request No. 4

The Company originally responded with the amounts collected from third parties monthly from October 2000 through May 2003. **The Company's response indicated that this is the extent of the information available.**

As mentioned in the response to Discovery Request No. 1, the Company converted to a new billing system in September 1999 and did not exercise strict delinquency policy on 1999 past due accounts until the fall of 2000. Accordingly the Company has provided the amounts collected by third party agencies on past due accounts since October 2000, which is when the Company began exercising strict delinquency policy on past due accounts dating back to September 1999. This is the extent of the information available to the Company on collection of past due accounts.

The Company does not maintain records of amounts collected on past due accounts by Atmos personnel. Payments on past due accounts are processed centrally, like all other payments. The Company does not accept payments in local offices nor do the service technicians accept cash payments when working to collect on delinquent accounts. Therefore, the Company cannot separate out the amounts collected on past due accounts by Company personnel from all amounts collected by the Company.

Discovery Request No. 5

The Company's original response provided a list of current job titles for the Company's Mid-States Division and the number of employees for each job. The following additional information is being provided. Below is a chart of appropriate staffing levels for all jobs at the Company's Amarillo, Texas Customer Support Center, the total salary for each position, and the appropriate Tennessee allocation. The Company does not have the information below available on a monthly basis, however a comparison of two years provided reflects a consistent number of employees and positions, which indicates that a monthly breakdown would not provide significant additional information. The Company has provided the information as of September 2002 and as of September 2003, which is the extent of the historical data readily available to the Company in its records.

Customer Support Center - Amarillo / Data as of September 2002

Job Name	Data	Total	TN Allocation
Back Office CSA	Count of Employee Number	8	\$13,735.56
	Sum of Salary	185615.69	
Bankruptcy Research Spec	Count of Employee Number	2	\$4,670.05
	Sum of Salary	63108.74	
Billing Adjustment Associate	Count of Employee Number	6	\$13,034.24
	Sum of Salary	176138.38	
Business Support Analyst	Count of Employee Number	2	\$7,759.27
	Sum of Salary	104855	
Collections Associate	Count of Employee Number	50	\$94,326.28
	Sum of Salary	1274679.49	
Customer Support Associate	Count of Employee Number	126	\$208,903.83
	Sum of Salary	2823024.68	
Emp Development&Safety Coord	Count of Employee Number	2	\$7,133.39
	Sum of Salary	96397.21	
Group Leader	Count of Employee Number	9	\$17,500.79
	Sum of Salary	236497.22	
Network Administrator	Count of Employee Number	2	\$8,761.15
	Sum of Salary	118393.86	
Quality Assurance Rep	Count of Employee Number	5	\$10,194.17
	Sum of Salary	137759.06	
Service Order Specialist	Count of Employee Number	9	\$17,627.18
	Sum of Salary	238205.1	
Sr Admin Assistant	Count of Employee Number	2	

	Sum of Salary	60257.89	\$4,459.08
Supv Customer Operations	Count of Employee Number	10	
	Sum of Salary	420906.82	\$31,147.10
Officials & Managers	Count of Employee Number	8	
	Sum of Salary	507100.02	\$37,525.40
Total Count of Employee Number		241	
Total Sum of Salry		6442939.16	\$476,777.50

Customer Support Center - Amarillo / Data as of September 2003

Job Name	Data	Total	TN Allocation
Back Office CSA	Count of Employee Number	7	
	Sum of Salary	165789.94	\$ 12,268.46
Bankruptcy Research Spec	Count of Employee Number	2	
	Sum of Salary	64581.27	\$ 4,779.01
Billing Adjustment Associate	Count of Employee Number	6	
	Sum of Salary	177880.19	\$ 13,163.13
Collections Associate	Count of Employee Number	45	
	Sum of Salary	1168717.23	\$ 86,485.08
Customer Support Associate	Count of Employee Number	114	
	Sum of Salary	2620468.08	\$ 193,914.64
Group Leader	Count of Employee Number	11	
	Sum of Salary	296238.63	\$ 21,921.66
Network Administrator	Count of Employee Number	2	
	Sum of Salary	123786.19	\$ 9,160.18
Quality Assurance Rep	Count of Employee Number	5	
	Sum of Salary	139007.3	\$ 10,286.54
Service Order Specialist	Count of Employee Number	9	
	Sum of Salary	243812.27	\$ 18,042.11
	Count of Employee		

	Number		
	Sum of Salary	51687.18	\$ 3,824.85
Supv Customer Operations	Count of Employee Number	11	
	Sum of Salary	464748.27	\$ 34,391.37
Officials & Managers		12	
		712915.7	\$ 52,755.76
Total Count of Employee Number		226	
Total Sum of Salary		6229632.25	\$ 460,992.79

Discovery Request No. 7

The payroll expense for all employee positions charged to Account 903 are listed in the Company's response to Discovery Request 5. The annual salaries can be divided by 12 to convert the annual expense to a monthly payroll expense. The positions are total Atmos wide and can be allocated to TN by using a percentage calculation of 7.4%.

Again, these positions represent appropriate staffing levels and should not fluctuate monthly.

This is the extent of the historical information readily available in the Company's records.

Discovery Request No. 9.

As explained in the Company's original response, Atmos has not prepared a study to identify the potential impact of any changes on bad debt expense. The Company's original response explained the wide disparity between the amount the Company is allowed to recover for bad expense per the last rate case (\$130,117) and the amount of bad debt the Company actually incurred in the fiscal year ending 2001 (\$1,572,202). The Company explained in its original response that the primary cause for the increase in bad debts was the dramatic rise in gas costs, but that the general downturn in the economy, with resulting unemployment and bankruptcies, has also contributed to the increase in bad debt expense.

This is the only response the Company can provide.

Discovery Request No. 10

See Company's original response to Discovery Requests Nos. 9 and 10 and also the supplemental response to Discovery Request No. 9 above.

Discovery Request No. 11

By its motion to compel, CAPD has now clarified the scope of its request, and Atmos is currently searching its records to determine what information it has available, if any, that would be responsive to the request.

Discovery Request No. 12

The Company's 13 month average of short term debt (i.e. debt that is issued and matures in 365 days or less) is 2.19%.

Discovery Request No. 13

The Company is providing the requested information on a monthly basis from September 1999 through August 2003. As explained above, information prior to this period is not available due to the Company's conversion to a new billing system in September 1999.

Average Days													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1999									71	92	69	68	299
2000	79	88	99	90	61	58	50	59	49	42	39	41	755
2001	45	44	49	58	57	53	41	39	34	31	30	31	512
2002	36	36	43	41	41	40	34	33	27	70	24	21	445
2003	16	14	16	14	13	11	8	3					97
Total	175	182	207	202	172	162	134	134	110	143	93	93	1,809

Discovery Request No. 14

The Company is providing the following information on a monthly basis from September 1999 through August 2003. As explained above, information prior to this period is not available due to the Company's conversion to a new billing system in September 1999.

Average of Past Due													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1999									102.72	21.35	26.61	38.55	189.23
2000	76.83	123.29	105.49	60.66	49.64	23.63	19.75	20.11	36.94	31.95	60.85	116.76	725.90
2001	221.11	241.55	196.57	122.77	60.74	29.24	33.93	56.76	24.28	71.49	35.49	38.49	1,132.41
2002	139.31	117.35	98.90	96.01	38.69	24.17	31.36	47.80	37.37	25.55	55.74	63.33	775.58
2003	129.17	150.25	155.13	110.77	4.62	-9.62	23.65	33.34					597.30
Total	566.42	632.44	556.09	390.21	153.68	67.42	108.69	158.01	98.59	129.00	152.08	218.58	3,231.20